

## Reauthorization Subcommittee Meeting

**World Class Conference Room, Kilroy Building, Sea Tac**  
**April 6, 2006, 1:00 – 3:00 p.m.**

### Draft Minutes

#### Initials

Present	Name	Organization	Phone	e-mail
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#### **Reports from Task Forces**

##### **Task Force 2 – Issues around the Maximum Allowable Construction Cost (MACC)**

Lyle, Rodney, Steve, and John P. participated in the last meeting. Need Ed Kommers to complete the discussion on contingencies.

**1. *MACC contingency incentive prohibition*** (do not use percentage of the MACC for incentive payments to GC/CM)

Task Force 2 discussed not having a MACC contingency incentive because there wouldn't be enough money for subcontractors.

**6. *Uniformity in use of MACC contingency***

No final recommendation, but continue to move forward with discussion:

City of Seattle and University of Washington (UW) believe the contractor ought to be rewarded when dollars are left over, some to sharing savings. There is a perception that not spending as much time on claims issues when there is an incentive there to do well.

There was a suggestion to use a "score card," as was used on the City of Seattle, Cedar Treatment Facility.

- Owners evaluation criteria – have they handled subcontractors claims well?
- Are they pleasing the Owner's CM rep on the site?, etc.

☐ Rodney Eng to provide example.

☐ Wendy Keller will try to retrieve a Federal example for incentives.

Last meeting talked about wanting incentive out of a different pot than the MACC contingency which is for errors, omissions, and coordination. There was a suggestion to call the incentive something different. All define contingencies differently.

Ed Kommers suggested an alternative and set aside 2.5% for subcontractors for errors and omissions. The city of Seattle opposed this.

How valid is it to have incentives? UW is moving away from having incentives. And the UW contract takes the GC/CM Fee back when don't spend all of the MACC.

There is a desire to have working relationships. The city of Seattle has had an incentive for the GC/CM's superintendent, where they can earn up to \$1,000 each month.

No final recommendation, but moving forward.

**4. *Timing for setting of the MACC***

Three-part Recommendation:

1. MACC shall be negotiated when the design is sufficiently complete at 90% construction documents
2. Limited "early works" bid packages may be bid and awarded prior to setting the MACC.
3. Award of the "early works" packages is contingent on setting the MACC.

Discussion:

Steve Goldblatt, of UW, thought it is a neat jumping off point when award and pay early works. Paul Berry moved to go forward and then work out details.

Ed Kommers motioned to move the 3-part recommendation forward. Steve Goldblatt seconded it.

## ***9. Unforeseen market conditions***

It was agreed that this is being solved through #4 – timing of setting the MACC.

However, a couple points were made:

Michael Transue stated that DOT and AGC were struggling for a while with price indexing issues.

Wendy Keller indicated that King County has been using escalation clauses and not price indexing in their contracts.

## **Task Force 1 – Owner & Project Eligibility**

### ***14. Centralized approval of eligible projects and owners***

Stan Bowman presented the draft outline legislation language for creating a Centralized Project Review Board process, including:

- 1) Establish the board - under CPARB, replacing other project review boards in RCW 39.10
- 2) Board appointments - broad, with recusal only for those already involved in a project to be reviewed
- 3) Board duties - review and approval or recommendations
- 4) Project applications - standardized
- 5) Board operations and procedures - meeting quarterly or as necessary to review project/owner applications
- 6) Public notification process - replacing RCW 39.10.030
- 7) Final report

It is initially written using “alternative public works” with the intent to consider the GC/CM process first, but have more discussion on whether the same language is suitable for more than the GC/CM process. For example, there may be different application requirements for Design Build and Job Order Contracting processes than for projects proposing to use the GC/CM process.

Discussion:

Wendy Keller – wants a larger list of board members from which to draw, i.e. four architects  
Rodney Eng – consider how many projects the board may review; wants consistency; expansion committee discussions; public facilities districts

Chris Hurst – the process works well for the school districts projects, concerned with elements

John Palewicz – suggestions on membership composition – consider three from certain areas always on the board, such as an architect, a contractor, an owner

No subcommittee recommendation, but close. Move ahead with drafting details for legislation, rules or guidelines for the board.

## **Task Force 3 – Contractor Issues**

### ***2. Change order administration***

Looked at RCW 39.10.070, project management requirements and created .071 for GC/CM.

There was conceptual agreement on two points:

- If claim is filed, owner must respond within X days or claim is denied and claimant can proceed with next step
- Change order proposal time limit, then earn interest

**3. *Standard subcontract agreement/form***

Standard subcontract agreement is not recommended to be in legislation language, however there is a long list of specific requirements considering to be put in statute language.

**7. *Rewrite subcontractor eligibility standards/requirements/qualifications***

Write is one option. “Get rid of” is another option. Need language to allow design assist.

**8. *General Conditions need to be better defined***

Working on specified general conditions. Close, but needs more work.

**11. *Elimination of subcontractor listing requirements (39.30.030) from RCW 39.10.061(6) for sub-bids***

No agreement.

Items agreed to by Task Force

Review of constructability studies

Unused contingency

Experts in critical path method schedules

Specified GCs – authorizes use of  
allowances & reimbursables

Financing

Timing

Not yet agreed to

DRB in GC contract

Payment & performance bonds

More work on details by Task Force for subcommittee to make recommendation.